Province of
British Columbia

Ministry of
Consumer and
Corporate Affairs

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Clerk Legislative Assembly
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JUL 16 1982
VICTORIA, B. C.

The Honourable Peter S. Hyndman,
Minister of Consumer and Corporate Affairs,
Parliament Buildings,
Victoria, B.C.
V8V 1X4

Honourable Minister:

I have the honour to submit for your consideration the Trade Practice Act Annual Report for the calendar year ending December 31, 1981.

The Report is delivered in accordance with the reporting provisions of Section (34) of the Trade Practice Act.

Respectfully submitted,

M. Hanson

Michael Hanson,
Director of Trade Practices.

Attachment

January 1, 1981	Cases Completed in 1981	Cases Carried into 1982
Prosecutions	10	6
Substitute Action and Defences	5	3
Assurance of Voluntary Compliance	3	2
Declarations/ Injunctions	-	1
Application for Receiver	-	-
Criminal Code	2	1

TRADE PRACTICE ACT

Annual Report 1981

There was an increase in the number of Prosecutions and Assurance of Voluntary Compliance completed in 1981, however, the number of Substitute Actions declined. The strong sales pressure generated by Time Share Plans resulted in another Assurance of Voluntary Compliance early in the year but the number of complaints sharply declined when these suppliers introduced a rescission clause into their contracts in compliance with Provincial Legislation. Amendments to the Real Estate Act further strengthened Consumer Protection in this area. The Trade Practice Act was also amended to permit Provincial Court to award compensation to consumers in addition to any sentence imposed under this statute. Such compensation cannot exceed the monetary jurisdiction specified in the Small Claim Act. Test shopping continued throughout the year with more emphasis being placed upon the automotive service and repair area. Towards the end of the year complaints relating to the activities of mail order suppliers and the part played by professional fund raisers in charity promotions were increasing and a stronger interest was being taken in this area.

Highlights of Cases Completed:

ATLAS VAN LINES, INC.

Ministry efforts led to the out-of-court settlement of a dispute between a consumer and Atlas Van Lines, Inc., an Ontario-based moving company.

The Ministry had taken substitute action against the company, alleging that it had billed the consumer for an amount approximately double the initial estimate. In addition, the consumer claimed he was out-of-pocket in the amount of $2,100. as a result of alleged damage to and loss of his household effects.

Last October, before the case went to trial, the company agreed to pay the consumer a total of $4,090.41 in settlement.

BENDIX HOME SYSTEMS LTD. (General Home Systems Ltd.)

A manufacturer and distributor of mobile homes, Bendix Home Systems Ltd., (now known as General Home Systems Ltd.). 955 Timmins Street, Penticton, B.C. has agreed to reimburse two consumers a total of $2,000 and not to repeat the practice of supplying incorrect specification sheets with mobile homes intended for sale.

After purchasing mobile homes from the supplier, consumers discovered that insulation in the units was not as described on their specification sheets.

The sheets indicated an R-20 insulation factor in the ceiling, R-12 in the walls and R-14 in the floors, when in fact the units were insulated to a factor of R-12 throughout.

The company signed an Assurance of Voluntary Compliance with the Director of Trade Practices last October.

SCHULTZ PONTIAC BUICK LTD.

Fines totalling $2,000 were imposed last December against Schultz Pontiac Buick Ltd., 1111 Central Street, Prince George, B.C., and company employees Mr. Donald Cahoon and Mr. Peter Price.

A consumer and his wife complained to the Ministry after they learned that financing charges on a vehicle they had purchased from the dealer were 18.5 percent, when the company had advertised GMAC financing at 14.2 percent.

In addition to the fines, the court awarded the consumers the difference between the two rates, an amount totalling $569.28.

This was the first case in which the courts applied section 25(1) of the Trade Practice Act, which provides that a court may order a convicted supplier to compensate a consumer for monetary loss suffered.

ENFORCEMENT PROCEEDINGS COMPLETED IN 1981

No.	ENFORCEMENT ACTION	T.P.A. SECTION	SUBJECT	PARTICULARS OF INVESTIGATION	COMPLETED
1.	Assurance of Voluntary Compliance		ROYAL ALOHA INC.	This "Time Share" promotor solicited consumers by telephone to a presentation for the purpose of joining a vacation club by offering free gifts. True purposes of solicitation was to sell one or more weeks in a Hawaiian condominium on a time share basis. This was not adequately disclosed at the outset, and a 7 day rescission right was not offered. Contract referred to laws of Hawaii as applying to contract.	The terms of an Assurance of Voluntary Compliance signed on January 6, 1981 require the supplier to: * Provide a 7 day period of cancellation in writing in the contract, * Give full refunds and cancel contract for all consumers who wrote either the ministry or the club requesting cancellation between Jan. 4, 80, the day the club began its B.C. solicitations, and Sept. 22/80, when ministry intervention initiated the refund policy, * Allow consumers who signed contracts & who have not yet taken their fly-and-see tours a one-year extension from the date on which the contract was signed, * Allow consumers who take the club up on its offer of a fly-and-see inspection tour the right of cancellation, * Disclose the true intent of all telephone solicitations, * Ensure that the number of condominium unit weeks sold do not exceed the number available, * Disclose whether any bonus or other special benefit will be given only if the consumer signs the contract, * Ensure that all gifts offered in the sales pitch & in promotional material will be made available as represented. On August 12, 1981 34 extension letters of Fly & See were mailed. 35 total refunds were obtained for consumers totalling $207,713.40

ENFORCEMENT PROCEEDINGS COMPLETED IN 1981

No.	ENFORCEMENT ACTION	T.P.A. SECTION	SUBJECT	PARTICULARS OF INVESTIGATION	COMPLETED
2.	Prosecution		MACKENZIE FURNITURE LTD.	A consumer was sold a television that was represented to be as "new" when in fact it was sold 2 years previously and returned after use.	August 1980 The supplier appeared in court and pleaded "guilty". In the interim the consumer has achieved a settlement in Small Claims Court action receiving payment of $1,534.00. On January 19, 1981, the Company was fined $350.00.
3.	Prosecution and Substitute Action		CANDEX DESIGN INC. FRIENDLY MOBILE HOMES	Supplier offered to sell a mobile recreational vehicle for the consumer & guaranteed a particular price. Supplier then approached consumer offering to purchase the vehicle for less than the guaranteed price, but failed to disclose that a sales agreement had already been negotiated with a purchaser for a much higher price than the one guaranteed.	Trial took place on June 26, 1979: Reserved Judgment handed down on July 18, 1979. Candex Design Inc. fined $500.00; Principal received suspended sentence and probation for 9 months. Feb. 16, 1981 Substitute Action judgment obtained against defendants jointly and severally in the amount of $3,500.00 plus Pre-Judgment interest.

ENFORCEMENT PROCEEDINGS COMPLETED IN 1981

No.	ENFORCEMENT ACTION	T.P.A. SECTION	SUBJECT	PARTICULARS OF INVESTIGATION	COMPLETED
4.	Assurance of Voluntary Compliance		NAUTILUS HEALTH AND FITNESS CENTRE	Supplier had coupons printed stating "2 weeks full use of all facilities" in his Health Spa when in fact all consumers were entitled to was One Free Workout and the option of either $25.00 off the price of a 2 year membership or 2 weeks added to the term of any membership.	An Assurance of Voluntary Compliance was signed on April 3, 1981. The supplier agrees Not to repeat criticized practices and to provide three consumers who complained with the terms of the original offer, ie., 2 weeks full use of all facilities without charge.
5.	Prosecution		PLAZA TV CLINIC LTD.	Trader was found to be charging for parts which were not installed.	December 17, 1980 warrants issued for company official and employee. April 21, 1981 charges Stayed as warrants cannot be executed.
6.	Prosecution		NAME WITHHELD	Claimed that automatic transmission needed replacement when in fact it was in acceptable working order.	On January 30, 1980, defendant pleaded "not guilty". Case further adjourned to April 23, 1981 when crown counsel decided to stay the charges.
7.	Prosecution		NAME WITHHELD	Supplier charged for parts which were not installed.	Charges were laid on August 25, 1980. Trader failed to appear on September 25, 1980 and bench warrant was issued. Crown has now withdrawn summons.

ENFORCEMENT PROCEEDINGS COMPLETED IN 1981

No.	ENFORCEMENT ACTION	T.P.A. SECTION	SUBJECT	PARTICULARS OF INVESTIGATION	COMPLETED
8.	Substitute Action and Defence		SIMPSONS-SEARS LTD.	Supplier sued consumer for items claimed to be necessaries of life which were purchased before the consumer declared personal bankruptcy and after a discharge had been obtained. Consumer was sued in Burnaby whereas a debt has been contracted in Pr. George	Oct. 8,1980 Burnaby Small Claims Court dismissed the supplier's claim for want of jurisdiction. The consumer's defence will now be continued in Prince George. September 17, 1981 An Out of Court Settlement was reached with this supplier in connection with the Substitute Defences. This supplier will not proceed with its action and will refrain from suing discharged bankrupts for necessaries
9.	Substitute Action and Defence		SIMPSONS-SEARS LTD.	Supplier sued consumer for items claimed to be necessaries of life which were purchased before the consumer declared personal bankruptcy and after a discharge had been obtained.	Oct. 10,1980 Prince George Small Claims Court gave judgment to the supplier for a reduced sum. The matter is now being appealed. September 17, 1981 An Out of Court Settlement was reached with this supplier in connection with the Substitute Defences. The supplier will not seek to obtain the amount of judgment and will refrain from suing discharged bankrupts for necessaries.

ENFORCEMENT PROCEEDINGS COMPLETED IN 1981

No.	ENFORCEMENT ACTION	T.P.A. SECTION	SUBJECT	PARTICULARS OF INVESTIGATION	COMPLETED
10.	Prosecution		DOUG NEAL MOTORS LTD.	Supplier sold 1979 vehicle without disclosing the fact that it had been previously sold.	On October 13, 1981 supplier pleaded "guilty" to 1 Count and was fined $500.00. A Stay of Proceedings was entered on other charges.
11.	Prosecution		NAME WITHHELD	Supplier carried out repairs at a cost of $582.20 and claimed that parts were replaced when they were not.	Charges were dismissed on Oct. 15, 1981 due to unsufficient proof.
12.	Assurance of Voluntary Compliance		BENDIX HOME SYSTEMS LTD. dba GENERAL HOME SYSTEMS LTD.	Supplier supplied mobile homes to retailers bearing specifications for a better standard of insulation than was actually installed.	On Oct. 14, 1981 the supplier entered into an Assurance of Voluntary Compliance which contained the following terms: To introduce procedures which will prevent incorrect specifications sheets being issued, to provide to consumers with the sum of $1,000 each and further to provide to other consumers with a similar sum if they are located within 12 months of the date of the signing of the Assurance.

ENFORCEMENT PROCEEDINGS COMPLETED IN 1981

No.	ENFORCEMENT ACTION	T.P.A. SECTION	SUBJECT	PARTICULARS OF INVESTIGATION	COMPLETED
13.	Substitute Action and Defence		ATLAS VAN LINES	Supplier charged an amount which was approximately double the estimate for moving household goods. A claim for approximately $2,000.00 for lost items and damages had not been satisfactorily dealt with.	Case was settled out of court on October 2, 1981 by payment of $1,650.00 in respect of lost goods and $1,580.46 damages plus pre judgment interest in respect to the aggravated estimate. A total of $4,090.41 was turned over to the complainant.
14.	Substitute Action and Defence		POLYFAB PLASTICS LTD.	Six consumers encouraged by the advertising claims by this supplier invested sums of approximately $3,000.00 for $6,000.00 for automatic vending machine franchises. Their earnings did not reach represented levels.	Ministry intervened by way of substitute action. On October 22, 1981, counsel advised that supplier is in bankruptcy and a satisfactory result cannot be achieved.
15.	Prosecution		LES CARR'S SALES AND LEASING LTD.	Consumer listed his vehicle on consignment with the supplier for $18,900. Supplier later persuaded consumer to accept $17,250. due to a lower offer when supplier actually received $19,900.	On November 24, 1981 company was convicted and fined $500.00.
16.	Prosecution		SCHULTZ PONTIAC BUICK LTD.	Supplier advertised new vehicles with GMAC financing at 14.2 percent. Complainants later found that when they signed the contract, they would have to pay 18.5 percent.	The Company and two company princip had pleaded "not guilty" on 2 counts. On December 9, 1981 all were found "Not Guilty on Count 1. On Count 2 the company principals were found "Guilty" and fined $500. each. The company was found "Guilty" and fined $1,000. $569.28 restitution was awarded to the complainants (the fir application of the restitution clause now included in the T.P.A.).

ENFORCEMENT PROCEEDINGS COMPLETED IN 1981

No.	ENFORCEMENT ACTION	T.P.A. SECTION	SUBJECT	PARTICULARS OF INVESTIGATION	COMPLETED
17.	Prosecution		NAME WITHHELD	Supplier conducted 2 promotions: 1¢ Special in newspaper on weekends that did not disclose the fact that a minimum 3 day rental was required and, distributed brochures offering 60 percent off any car without stating a minimum rental of 30 days and that the rental may not be available at certain times.	On April 15, 1981 supplier entered a plea of "not guilty". The charge had not correctly identified the supplier and was withdrawn. Charge will not be re-laid as supplier undertook not to repeat this advertising.